

OCA FILE ~~SECRET~~
RCAOCA 88-0662
26 February 1988

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing Jeff Smith SSCI Staff on Panama [REDACTED] 25X1

1. On 26 February, [REDACTED] Office of African and Latin American Analysis, DDI briefed Jeff Smith, SSCI staff, on current events in Panama. The briefing was held in 3F45. [REDACTED] Office of Congressional Affairs was present. This briefing was held so that Mr. Smith could prepare Senator Nunn for a Meet the Press appearance on 28 February. [REDACTED] 25X1

2. Mr. Smith opened with a very general question about current events in Panama. [REDACTED] said that we were surprised that President DelValle tried to fire General Noriega. The President sent TV tapes to three Panamanian TV stations, two of which were controlled by the military so they knew in advance. [REDACTED] 25X1

3. Mr. Smith asked whether the Assembly action was legal. [REDACTED] said that the Supreme Court would decide that, but Noriega controlled the Court. In addition, we believe Latin American Governments will recognize the de facto ruler--whoever is President in name. He characterized President Solis Palma as Lefist, but more independent in recent years. He has been in Noriega's camp and will not act contrary to the military. [REDACTED] 25X1

4. The General staff all support Noriega. We see absolutely no crack in military support for Noriega. The Majors who are unit commanders are also loyal. We believe that Solis will be President until 1989. Noriega will stay as Defense Minister as long as he wants. [REDACTED] 25X1

5. We believe that the indictment and Blandon testimony have strengthened Noriega with the military because some senior advisors have been accused. Mr. Smith asked about our assessment of Blandon. [REDACTED] said that we believe some of the things he says are not true. But he does know some things. Mr. Smith asked if Noriega is involved in drugs. Mr. [REDACTED] said that he is friends with drug traffickers. We have [REDACTED] 25X1

~~SECRET~~

SECRET [REDACTED]

25X1

not thought we could make the case in court. Mr. Smith asked if things are done in Panama without Noriega facilitating them. [REDACTED] said that we think he knows about everything. When people try to run drugs or launder money without Noriega's knowledge, they have been caught. [REDACTED]

25X1

25X1

6. [REDACTED] noted that the opposition has not been very successful in demonstrating against Noriega. The opposition has been portrayed as representing a narrow middle class business interests. The middle class has been intimidated and they are divided. [REDACTED]

25X1

25X1

7. Mr. Smith observed that Senator D'Amato raised intervention as a possibility. [REDACTED] said that one of Noriega's strengths is to convince the military that the U.S. is trying to take the Canal back. Threats of military intervention strengthen his arguments. [REDACTED]

25X1

25X1

8. Mr. Smith asked what would happen if Noriega left. Mr. [REDACTED] said that the General Staff would go by chain of command, except some of the top officers are not capable of taking charge. It probably would get down to the third or fourth rank. [REDACTED]

25X1

25X1

9. Mr. Smith asked about the state of the economy in Panama. [REDACTED] said that the economy is very poor but we believe they will be able to defer the day of judgment through additional loans. Ironically, the laundering of drug money provides the additional liquidity required to keep the economy moving and to provide funds for the government. [REDACTED]

25X1

25X1

25X1

[REDACTED]
Senate Division
Office of Congressional Affairs

Distribution:

Orig - OCA Record

1 - RR Chrono

OCA/Senate, [REDACTED] 3 Mar 88

25X1

SECRET [REDACTED]

25X1